



United States
Department of
Agriculture

Food and
Nutrition
Service

Mountain
Plains
Region

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Reply to
Attn. of:

SP 95-15

SEP 16 1995

Subject: Special Assistance Certification and Reimbursement Alternative -
Provision 3 -- 4-Year Cycles

To: STATE AGENCY DIRECTORS (Child Nutrition Programs) - Colorado ED, Iowa, Kansas, Missouri ED,
Montana OPI, Nebraska ED, North Dakota,
South Dakota, Utah, Wyoming ED

Section 111 of Public Law 103-448 amended Section 11 (a)(1) of the National School Lunch Act to provide a new meal counting and claiming procedure for schools with high percentages of children eligible for free and reduced price meals. This procedure is in addition to Provisions 1 and 2. Schools opting for this alternative are not required to make annual free and reduced price eligibility determinations or take daily meal counts. Meal reimbursement and commodity assistance are provided at the same level as the school received in the last year free and reduced price applications were taken and daily meal counts by category were made, adjusted for inflation and enrollment. The Agency has labeled this alternative "Provision 3".

Under Provision 3, schools: (1) serve meals free to all children for a period not to exceed 4 successive school years; (2) receive Federal cash and commodity assistance equal to the level of assistance the school received for the last year in which free and reduced price eligibility determinations and meal counts by eligibility category were made (the "base year"), adjusted annually to account for changes in inflation and school enrollment; and, (3) must make up the difference between Federal program assistance and the cost of the meals from sources other than Federal funds. Free and reduced price eligibility determinations and daily meal counts by eligibility category are only required during the base year.

At the end of the initial 4-year period, the school may continue to serve all meals free for an additional 4 years without making new free and reduced price eligibility determinations or taking daily meal counts, if the State Agency (SA) determines through available socioeconomic data that the income level of the school's population has remained constant with the income level in the base year. These schools would continue to receive reimbursement and commodity assistance based on the level of assistance the school received in the last year eligibility determinations were made, adjusted for inflation and enrollment. However, if the socioeconomic data show more than a negligible improvement in the economic status of the school's population since the base year, the school must make new eligibility determinations and take daily meal counts by free, reduced price and paid categories to establish the new reimbursement and commodity assistance level, i.e., establish a new base year. At the end of each current 4-year period, the SA must compare the current income level of the school's population to the income level during the base year if the school wishes to continue to operate under Provision 3.

School food authorities of schools that are interested in implementing Provision 3 should notify their SA. Schools may implement Provision 3 at the beginning of School Year 1995-96 or any year thereafter.

Base Year. The base year of the initial 4-year Provision 3 period will be the last school year when eligibility determinations and meal counts by type (free, reduced price, paid) were taken. If a subsequent base year is necessary, schools must make eligibility determinations, take daily meal counts by meal type and claim meals in the standard manner. Only children determined eligible for free meals are provided meals at no charge in the base year. Other children must be charged the school's reduced price or full price according to the childrens' eligibility category. Reimbursement in the base year is paid on meals times the national average payment factors for free, reduced price and paid meals. Entitlement commodities are based on the number of lunches served.

Free Meals During 4-Successive Years. For the successive 4 years following the base year, schools serve all meals free, but are not required to take meal counts. Reimbursement will be paid monthly based on the total reimbursement provided to the school during the base year, adjusted for inflation and enrollment. Schools must make up the difference between the cost of meals and reimbursement and commodity assistance with funds that are not from Federal sources.

Claim for Reimbursement and Commodities. For reporting purposes during the 4 year period, the SA will report the number of meals served each month at the same level as reported during the base year, adjusted for changes in enrollment. For example, if the school had a 5 percent increase in enrollment, the number of meals served by type each month would be increased by 5 percent for each meal type, free, reduced price and paid, and multiplied by the applicable national average payment rate. The adjustments for inflation are reflected in the applicable payment rates.

Entitlement commodities provided to the school during the 4 years are based on the number of meals served in the base year adjusted for changes in enrollment and inflation. Bonus commodities will continue to be based on availability each year.

Subsequent 4-year cycles. When the initial 4-year cycle expires, these schools must apply for a new 4-year cycle if they wish to continue under Provision 3 while using the same base year as for their just-completed cycle. These schools will not be required to make new free and reduced price determinations and take meal counts if the SA determines that the income level of the schools' population has remained stable since the base year. Schools will continue to serve all meals free of charge for the next 4 years and reimbursement and commodity assistance will continue to be provided at the same level as provided in the base year when applications and meal counts were taken, adjusted for changes in enrollment and inflation.

Schools in which the socioeconomic data indicate more than a negligible improvement in the status of their population shall not be approved for a continuation of assistance at the adjusted base year level. These schools must establish a new base year by making new free and reduced price eligibility determinations and taking daily meal counts by eligibility category to establish a new cash and commodity assistance level for the following 4-year cycle if the school opts to remain under Provision 3. Additionally, students not eligible for free meals must be charged for their meals.

Socioeconomic data. In determining whether the income level of the school's population has remained stable, the SA must use the best socioeconomic data available, approved by the Secretary. Approved sources include local data developed or collected by city or county zoning and economic planning offices, unemployment and local food stamp certification data for the area from which the school draws attendance. The SA must consult the appropriate Regional Office for approval of data from other sources. Also, care should be taken to ensure that equivalent data is used both for the base year and the current year.

All schools implementing Provision 3 must continue to meet the lunch and breakfast nutritional requirements specified under Parts 210 and 220. Additionally, Provision 3 schools are expected to maintain the quality of meals served under the lunch and breakfast programs.

These Provision 3 procedures are subject to change pending operational experience and issuance of formal rulemaking. If you have any questions please call our office.

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bcc: All Staff--School Programs and Special Projects Sections
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